

2003 DRAFTING REQUEST

Bill

Received: **01/14/2004**

Received By: **btradewe**

Wanted: **As time permits**

Identical to LRB:

For: **James Kreuser (608) 266-5504**

By/Representing: **Joe Kremer**

This file may be shown to any legislator: **NO**

Drafter: **btradewe**

May Contact:

Addl. Drafters:

Subject: **Agriculture - miscellaneous**

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Kreuser@legis.state.wi.us**

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Promote value-added farming

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?							State
/1	btradewe 02/04/2004	kfollett 02/04/2004	rschluet 02/05/2004		sbasford 02/05/2004	lemery 02/05/2004	

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/?	btradewe	11 kjf 2/4					

FE Sent For:

Handwritten notes and signatures:

- Under Reviewed: "11 kjf" and "2/4"
- Under Typed: A large handwritten signature and scribbles.
- Under Proofed: A large handwritten signature and scribbles.
- Under Submitted: "2", "4", "3", "4", "5"
- At the bottom: "<END>"



JIM KREUSER

State Representative • 64th Assembly District

DEMOCRATIC LEADER - WISCONSIN STATE ASSEMBLY

Becky -

Enclosed please find a description of WisVAL, a proposal to assist family farms with a transition over to value-added farming. Also enclosed are some supporting materials.

Feel free to call with any comments or questions.

But,
Jim Kreuser
266-5504

MADISON: P.O. Box 8952, Madison, WI 53708-8952 • (608)266-5504
FAX: (608) 282-3664 • Toll-Free: 1-888-534-0064 • E-MAIL: Rep.Kreuser@legis.state.wi.us
DISTRICT: 3505 14th Place, Kenosha, WI 53144 • (262)553-5555

WisVAL

Encouraging Value-Added Farm Product & Market Development – This proposal helps develop value-added agricultural products and their commercialization. This is accomplished through the creation of the WisVAL institute to coordinate best practices between producers, disseminate information, and organize training for value-added farmers. WisVAL will provide the following:

- Establish and maintain lab facilities for use by Wisconsin producers. Labs will be used to test products and other needed functions
- Coordinate technical and marketing assistance - business plan development, website design assistance, developing marketing techniques for VA farmers between available providers, including the elimination of duplicate of services by working in conjunction with regional Resource Conservation and Development centers (RC&D), UWEX, DATCP and other actors integral to the industry.
- Create relationships with producers/businesses by following-up to ensure various programs are effective and being accessed.
- Assist businesses/producers with federal grant applications
- Identify specific value-added concentrations/areas of expertise and assign dedicated staff

Funding:

- Apply for a grant from DATCP each biennium for an initial appropriation of \$4 million and subsequent appropriations \$2 million.
- Apply for federal grants to help assist with operational costs of the center

For examples, see Minnesota statutes 116O.09

For additional information, see www.auri.org

the region's resources and the development of technology. Research and development services may include on-site research, product development grants, testing of production techniques and product quality, marketing and business management assistance, and feasibility studies.

Subd. 3. INSTITUTE ADMINISTRATION; STAFF. The board shall appoint a director to manage the operation of the institute. The director may employ employees and enter into contracts with post-secondary education governing boards for research services of post-secondary institution staff, facilities, or equipment.

Subd. 4. RESEARCH CONTRACTS. The director of each institute may enter into contracts with individuals, businesses, or organizations to provide research and development assistance at institute facilities or at other sites the director determines appropriate. The board shall establish the overall contract guidelines.

Subd. 5. PRODUCT DEVELOPMENT GRANTS. The director of each institute may provide product development grants to those individuals, businesses, or for-profit or nonprofit organizations that, without financial assistance, would not be able to undertake the development of a product or technology-related service. The board shall establish eligibility criteria and the terms of the product development grants.

Subd. 6. INSTITUTE ADVISORY BOARD. A regional research institute advisory board may be appointed by the board. The advisory board may consist of representatives of public post-secondary institutions in the area surrounding the institute, business owners, and members of the general public. Terms and removal of members must be set by the board and the members of each advisory board shall serve without compensation but shall receive their necessary and actual expenses. The purpose of the advisory board is to provide the institute director assistance in operating the institute, review contract proposals and provide recommendations relating to product development grants.

Subd. 7. DESIGNATED RESEARCH INSTITUTE. The agricultural utilization research institute established in section 9 is designated as one of the regional research institutes authorized under this section.

Subdivision 1. ESTABLISHMENT. The corporation shall establish an agricultural utilization research institute to promote the establishment of new products and product uses and the expansion of existing markets for the state's agricultural commodities and products. The institute must be located near an existing agricultural research facility in the agricultural region of the state.

Subd. 2. DUTIES. In addition to the duties and powers assigned to the institutes in section 8, the agricultural utilization research institute shall:

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

(1) identify the various market segments characterized by Minnesota's agricultural industry, address each segment's individual needs, and identify development opportunities in each segment;

(2) develop and implement a utilization program for each segment that addresses its development needs and identifies techniques to meet those needs;

(3) coordinate research among the public and private organizations and individuals specifically addressing procedures to transfer new technology to businesses, farmers and individuals; and

(4) provide research grants to public and private educational institutions and other organizations that are undertaking basic and applied research that would promote the development of the various agricultural industries.

Subd. 3. STAFF. The corporation shall provide staff to the agricultural utilization research institute and assist in carrying out the duties of the agricultural utilization research institute.

Subd. 4. AGRICULTURAL RESEARCH GRANTS. The institute may make matching grants for agricultural product utilization research to the University of Minnesota, a state university, a community college, a Minnesota private college or university, an area vocational technical institute, a private corporation, or a person. Grants may be matched from private sources, including farm commodity groups and farm organizations.

Subd. 5. ADVISORY BOARD. A 26-member advisory board is established to identify priorities for the agricultural utilization research institute. Members of the advisory board are appointed by the board. The advisory board consists of: the chair of the Minnesota house of representatives agricultural committee; the chair of the Minnesota senate agricultural committee; a representative from each of the 10 largest agricultural-related businesses in the state as determined by the corporation; a member from each of the appropriate trade organizations representing producers of beef cattle, dairy, corn, soybeans, pork, wheat, turkey, barley, wild rice, edible beans, eggs, and potatoes; a member of the Farmers' Union; and a member of the Farm Bureau. Terms and removal of members must be set by the board and members of the advisory board serve without compensation but shall receive their necessary and actual expenses.

The advisory board shall annually provide a list of priorities and suggested research and marketing studies that should be performed by the agricultural utilization research institute.

Sec. 10. [1160.10] RESEARCH ADVISORY BOARD.

Subdivision 1. ESTABLISHMENT. The board shall establish a research advisory board to provide advisory assistance to the board and the research institutes. The research advisory board consists of seven members appointed by the board. Terms and removal of members must be set by the board and research advisory board members shall serve without compensation but shall

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Minnesota Statutes 2003, Table of ChaptersModifications to OriginalTable of contents for Chapter 1160**1160.09 Agricultural Utilization Research Institute.**

Subdivision 1. **Establishment.** The Agricultural Utilization Research Institute is established as a nonprofit corporation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended. The Agricultural Utilization Research Institute shall promote the establishment of new products and product uses and the expansion of existing markets for the state's agricultural commodities and products, including direct financial and technical assistance for Minnesota entrepreneurs. The institute must establish or maintain facilities and work with private and public entities to leverage the resources available to achieve maximum results for Minnesota agriculture.

Subd. 1a. **Board of directors.** The board of directors of the Agricultural Utilization Research Institute is comprised of:

- (1) the chairs of the senate and the house of representatives standing committees with jurisdiction over agriculture finance or the chair's designee;
- (2) two representatives of statewide farm organizations;
- (3) two representatives of agribusiness; and
- (4) three representatives of the commodity promotion councils.

A member of the board of directors under clauses (2) to (4), including a member serving on July 1, 2003, may serve for a maximum of two three-year terms. The board's compensation is governed by section 15.0575, subdivision 3.

Subd. 2. **Duties.** (a) In addition to the duties and powers assigned to the institutes in section 1160.08, the Agricultural Utilization Research Institute shall:

- (1) identify development opportunities for agricultural products;
- (2) implement a program that identifies techniques to meet those opportunities;
- (3) monitor and coordinate research among the public and private organizations and individuals specifically addressing procedures to transfer new technology to businesses, farmers, and individuals;
- (4) provide research grants to public and private educational institutions and other organizations that are undertaking basic and applied research to promote the development of emerging agricultural industries;

(5) assist organizations and individuals with market analysis and product marketing implementations;

(6) to the extent possible earn and receive revenue from contracts, patents, licenses, royalties, grants, fees-for-service, and memberships;

(7) work with the Department of Agriculture, the United States Department of Agriculture, the Department of Employment and Economic Development, and other agencies to maximize marketing opportunities locally, nationally, and internationally; and

(8) leverage available funds from federal, state, and private sources to develop new markets and value added opportunities for Minnesota agricultural products.

(b) The Agricultural Utilization Research Institute board of directors shall have the sole approval authority for establishing agricultural utilization research priorities, requests for proposals to meet those priorities, awarding of grants, hiring and direction of personnel, and other expenditures of funds consistent with the adopted and approved mission and goals of the Agricultural Utilization Research Institute. The actions and expenditures of the Agricultural Utilization Research Institute are subject to audit. The institute shall annually report by February 1 to the senate and house of representatives standing committees with jurisdiction over agricultural policy and funding. The report must list projects initiated, progress on projects, and financial information relating to expenditures, income from other sources, and other information to allow the committees to evaluate the effectiveness of the institute's activities.

Subd. 3. **Staff.** The board of directors shall hire staff for the Agricultural Utilization Research Institute. Persons employed by the Agricultural Utilization Research Institute are not state employees and may participate in state retirement, deferred compensation, insurance, or other plans that apply to state employees generally and are subject to regulation by the state Campaign Finance and Public Disclosure Board.

Subd. 4. **Agricultural research grants.** The institute may make matching grants for agricultural product utilization research to the University of Minnesota, the Minnesota State Colleges and Universities, a Minnesota private college or university, a private corporation, or a person. Grants may be matched from private sources, including farm commodity groups and farm organizations.

Subd. 5. **Advisory board.** A 26-member advisory board may be established to identify priorities for the Agricultural Utilization Research Institute. Members of the advisory board are appointed by the board. The advisory board consists of: the chair of the Minnesota House of Representatives Agricultural Committee; the chair of the Minnesota Senate Agricultural Committee; a representative from each of the ten largest agricultural-related businesses in the state as determined by the corporation; a member from each of the appropriate trade

organizations representing producers of beef cattle, dairy, corn, soybeans, pork, wheat, turkey, barley, wild rice, edible beans, eggs, and potatoes; a member of the Farmers's Union; and a member of the Farm Bureau. Terms and removal of members must be set by the board and members of the advisory board serve without compensation but shall receive their necessary and actual expenses.

The advisory board shall annually provide a list of priorities and suggested research and marketing studies that should be performed by the Agricultural Utilization Research Institute.

Subd. 6. **Bylaws.** The board of directors shall adopt bylaws necessary for the conduct of the business of the institute consistent with this section. The corporation must publish bylaws and amendments to the bylaws in the State Register.

Subd. 7. **Place of business.** The board of directors shall locate and maintain the institute's place of business within the state.

Subd. 8. **Chair.** The board of directors shall annually elect from among its members a chair and other officers necessary for the performance of its duties.

Subd. 9. **Meetings.** The board of directors shall meet at least twice each year and may hold additional meetings upon giving notice in accordance with the bylaws of the institute. Board meetings are subject to chapter 13D, except subdivision 1b as it pertains to financial information, business plans, income and expense projections, customer lists, market and feasibility studies, and trade secret information as defined by section 13.37, subdivision 1, paragraph (b).

Subd. 10. **Conflict of interest.** A director, employee, or officer of the institute may not participate in or vote on a decision of the board relating to an organization in which the director has either a direct or indirect financial interest.

Subd. 11. **No benefit to private individuals or corporations.** This institute shall not afford pecuniary gain, incidental or otherwise, to any private individual, firm, or corporation, except the payment of reasonable fees for goods and services provided and approved in accordance with the bylaws of the corporation. No part of the net income or net earnings of the institute shall, directly or indirectly, be distributable to or otherwise inure to the benefit of any individual.

Subd. 12. **Funds.** The institute may accept and use gifts, grants, or contributions from any source. Unless otherwise restricted by the terms of a gift or bequest, the board may sell, exchange, or otherwise dispose of and invest or reinvest the money, securities, or other property given or bequeathed to it. The principal of these funds, the income from them, and all other revenues received by it from any nonstate source must be placed in the depositories the board determines and is subject to expenditure for the board's purposes.

Expenditures of more than \$25,000 must be approved by the full board.

Subd. 13. **Accounts; audits.** The institute may establish funds and accounts that it finds convenient. The board shall provide for and pay the cost of an independent annual audit of its official books and records by the legislative auditor subject to sections 3.971 and 3.972. A copy of this audit shall be filed with the secretary of state.

For purposes of this section, "institute" means the Agricultural Utilization Research Institute established under this section and "board of directors" means the board of directors of the Agricultural Utilization Research Institute.

HIST: 1987 c 258 s 12; 1987 c 386 art 2 s 9; 1989 c 246 s 2; 1989 c 350 art 7 s 1-3; 1991 c 322 s 6-14,19; 1996 c 395 s 18; 1997 c 202 art 2 s 63; 1997 c 216 s 120-122; 1Sp2001 c 2 s 139; 2003 c 128 art 3 s 41-43; 1Sp2003 c 4 s 1; 1Sp2003 c 23 s 4

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AURI Profile

AURI is a nonprofit corporation created to improve the economy of rural Minnesota through new uses and new markets for the state's abundant agricultural commodities.

The Agricultural Utilization Research Institute assists entrepreneurs along every product development step, from research to marketing. Throughout our history, we have helped in the development of hundreds of new ag-based products, creating new businesses and jobs.

AURI staff work one on one with entrepreneurs and agricultural groups. We also link innovators with other agencies and organizations to provide a network of the best available resources. Five AURI offices and more than 30 staff members spread throughout the state assure a rural connection and accessibility to customers.

AURI's action plan includes strategies for advancing applied technology, product development, marketing strategies, building businesses and jobs, cooperative ventures, environmentally sound practices and linking people and resources.

AURI has several scientists and technicians on staff with a wide range of expertise including food product development, waste utilization, microbiology and more. With a pilot plant and a product development lab in Crookston, waste utilization lab in Waseca, oils lab and meat lab in Marshall, AURI is equipped to help entrepreneurs test or perfect an array of products.

Field office and technical staff work individually with clients to address their needs and advance products to reach emerging markets. Clients include for-profit businesses, commodity groups and cooperatives.



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[Top of Page](#)

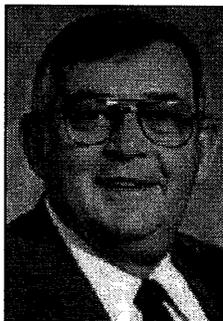
Last updated March 06, 2003.

1/2



[HOME](#)
 [About AURI](#)
 [News](#)
 [Programs](#)
 [Research](#)
 [Clients](#)
 [Links](#)
 [Search](#)
 [Site Map](#)

Message from the Director



Welcome to the Agricultural Utilization Research Institute's Web site. We think you will find this site to be interesting and informative.

My name is Edgar Olson. I am Executive Director for AURI. We are a nonprofit corporation that works to improve the economy of rural Minnesota through new, value added uses for our farm commodities. AURI is a very diverse organization, offering assistance to Minnesota entrepreneurs, businesses and cooperatives. Our goal is to improve the long-term health of our state's economy through new uses for our commodities.

Our assistance comes in many forms. We offer technical assistance to help with product development. We offer food safety training and assistance with nutritional issues. Our staff also does research on fats and oils, they investigate alternative crops like hybrid poplars and find ways to utilize low value items like crop residue and food waste.

We also offer financial assistance to help move a product from concept to reality. A great idea does little good unless it is able to be used. For this reason, we offer financial support to help new ag-based products succeed. Those successes help create jobs, open new markets for commodities and keep our economy strong.

AURI also partners with numerous other organizations to help increase our impact. With limited resources it is important to team with others whenever possible. This expands our reach and increases the benefits.

I hope you enjoy our site. It is continually changing, so visit us often.



[About AURI](#) |
 [News](#) |
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[Top of Page](#)

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[HOME](#) [About AURI](#) [News](#) [Programs](#) [Research](#) [Clients](#) [Links](#) [Search](#) [Site Map](#)

AURI Mission Statement

(adopted in 1988)

AURI was created to foster long-term economic benefit through increased business and employment opportunities to rural Minnesota through:

- the identification and creation of new markets, expansion of existing markets for new or existing commodities, ingredients and products;
- the development of more energy efficient, natural resource saving production practices; and
- the development of new uses or value improvements of Minnesota agricultural commodities.



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[Top of Page](#)

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[HOME](#) [About AURI](#) [News](#) [Programs](#) [Research](#) [Clients](#) [Links](#) [Search](#) [Site Map](#)

AURI Board of Directors

AURI is governed by a board of directors made up of representatives of the state's commodity groups, agri-busin and members of the Minnesota House and Senate agriculture committees. The board consists of the following individuals:

Julie Bleyhl, MN Farmers Union:
www.mfu.org

Bob Bergland, Agri-Business

Al Christopherson, MN Farm Bureau Federation:
www.minnesotafarmbureau.org

Ed Ellison, Agri-Business

Rep. Elaine Harder, MN House Ag Committee:
www.house.leg.state.mn.us

Bob Kirchner, MN Soybean Growers Association:
www.mnsoybean.org

Jerry Kruger, MN Wheat Research & Promotion Council:
www.smallgrains.org

Glenn Arfstrom, MN Corn Growers Association:
www.mncorn.org/index.html

Richard Schieck, MN Pork Producers Association:
www.mnpork.com

Sen. Dallas Sams, MN Senate Ag Committee:
www.senate.leg.state.mn.us



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[Top of Page](#)

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[HOME](#)
 [About AURI](#)
 [News](#)
 [Programs](#)
 [Research](#)
 [Clients](#)
 [Links](#)
 [Search](#)
 [Site Map](#)

PRO-Pesticide Reduction Options

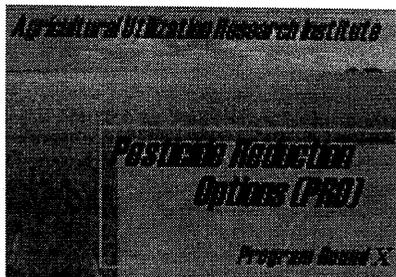
The PRO program funds research and demonstration projects intended to reduce the use of based products in production agriculture. Funds for the program are made available annually from the pesticide regulatory account by the Minnesota Legislature.

Specific PRO objectives include:

- research or demonstration of cultural, biological or mechanical control practices, integrated-pest-management methods, or ag chemical spill-site remediation;
- substitution of renewable resource-based pesticides in agricultural production;
- incorporation of pesticide-reduction information into pesticide-use decision aids;
- promotion of safe on-farm pesticide-use practices; and,
- development of pesticide-use recommendations for alternative crops.

Eligible applicants are Minnesota organizations which have farmer or grower members, and have non-profit filing status within section 501 or 509. Examples are commodity groups, cooperatives, farm organizations, grower associations and sustainable agriculture organizations.

AURI announces requests for proposals under the Pesticide Reduction Options Program Round X. Eligible Minnesota organizations may apply for grants of up to \$40,000 to fund projects which minimize the use of, and contamination from, pesticides on Minnesota farms. Funding is provided from the pesticide regulatory account established by the Minnesota Legislature, a total of approximately \$200,000 is available.



Please read through the attached materials for an overview of the program and its requirements. All proposals to be considered for funding are due to AURI on January 31, 2003. If you have any questions, please feel free to contact Edward Wene at (218) 281-9014.

[Pesticide Reduction Options Program \(PRO\) Application \(PDF/65 KB\)](#)

The Pesticide Reduction Options Program application are available online and in the Portable Document Format (PDF). To view and print the PDF version you need the free [Adobe® Acrobat® Reader](#) software.

For more information, contact [Edward Wene](#) at (218) 281-9014.



[About AURI](#) |
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 [Research](#) |
 [Clients](#) |
 [Links](#) |
 [Search](#) |
 [Site Map](#) |
 [Home](#)

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[HOME](#) [About AURI](#) [News](#) [Programs](#) [Research](#) [Clients](#) [Links](#) [Search](#) [Site Map](#)

Applied Technology Services

[Program Emphasis](#)
[Types of Assistance](#)
[Eligibility](#)
[Prerequisites](#)
[ATS Project Development Process](#)
[Confidentiality](#)
[Evaluation of Projects](#)
[Additional Information](#)

Program Emphasis

AURI provides expertise and assistance to increase value, demand and market opportunities for agriculturally-based products.

The Applied Technology Services (ATS) program is intended to bring agriculturally-based products or processes to commercialization by using AURI technical personnel, labs and pilot plant services to:

- Provide entrepreneurial resources with respect to value-added start-ups
- Provide informational and technical assistance
- Deliver quality service to clients
- Provide high quality process and product development
- Foster project development through collaboration.

Technical and business development assistance is offered by AURI's various professional and technical staff in many forms including, but not limited to:

- Technical Feasibility:** A project may focus on a new or improved process technology or on development of new value-added food or non-food agricultural products. The project may include an evaluation of the product's technical soundness and quality.

- *AURI technologists/scientists* are available to provide consulting and technical services with respect to product and process development; product evaluation and testing; and sourcing materials, equipment and services.
- *AURI pilot plants and labs* are available, on a confidential basis, to assist in product and process development, scale-up, nutritional assessment and production for market assessment.

[top](#)

Types of Assistance Available Through the Applied Technology Services Program

The focus of the ATS program is providing in-house lab facilities, pilot plants, and technical and business consulting. The following are examples of services that may be provided by AURI staff:

- Analytical testing of products or processes in development
- Product formulation
- Pilot production-line development
- Laboratory scale trials
- Engineering review
- Process analysis
- Process or business evaluation

[top](#)

Eligibility

The ATS program is available to an applicant who can demonstrate the project will impact the use of an existing agricultural commodity or commodities, alternative crop or crops, or livestock. The ATS program is designed to add value to an agricultural commodity or commodities and to foster long-term economic growth, but is not for crop or livestock production. The project and its proposed benefit must impact Minnesota or a commodity produced in Minnesota.

[top](#)

Prerequisites

The process or product must use a Minnesota grown commodity and must be deemed as having commercial viability by the staff of AURI.

[top](#)

ATS Project Development Process

A client is allowed a maximum ten hours of in-house AURI assistance prior to completion of an ATS Application. However, an application may be completed any time a need for AURI assistance is identified.

A client is encouraged to discuss the project with AURI staff. The staff will assist in determining an appropriate AURI program and in initiating the application process. Approval of a project involves the following steps:

- STEP 1:** A client is required to sign an Initial Assistance Agreement (IAA), acknowledging acceptance of service by AURI staff and outlining pertinent information with regard to proposed AURI technical assistance.
- STEP 2:** The client and an AURI staff member work together to complete an ATS Application, in which the client and an AURI staff member may be asked to identify:
- A. Activities to be performed
 - B. Expected outcomes
 - C. Project objective(s)
 - D. Approximate number of hours necessary to complete the project
 - E. Anticipated date of completion.

The ATS Application is an informal document submitted to AURI's management team for consideration.

- STEP 3:** The AURI management team, consisting of the Regional Directors and/or the Executive Director, reviews the ATS Application. The management team decides to either accept the project and assign an appropriate project team, or deny the project and list project concerns.
- STEP 4:** Once a project is accepted, the project team and the client will work together in an effort to achieve the project's goals.
- STEP 5:** Upon completion of each project objective, the client will report pertinent progress toward project goals and outcomes.

[top](#)

Confidentiality

AURI will treat all mutually agreed upon information provided by an applicant as confidential. Information provided to or gathered by AURI related to funding programs shall be treated as private data. Such data includes:

- *Security information, trade secret information, or labor relations information disclosed to members of the Board of Directors or employees of AURI.*

Proprietary information provided to AURI should be limited, set apart from the text of the application, and clearly marked as CONFIDENTIAL. AURI will limit the dissemination of proprietary information to staff and project reviewers on a confidential basis. AURI does not assume liability for any inadvertent disclosures.

Once a client submits an ATS Application, AURI will not, consistent with relevant law, make public any information disclosing product, process, commodity, invention, technology, innovation, or service pursuant to the ATS program until a patent, copyright or trademark is applied for, or for two years after completion of the project, whichever occurs first. AURI does not assume liability for any inadvertent disclosure.

[top](#)

Evaluation of Projects

AURI assistance is intended to occur early in the existence of a product or process, during which feasibility is determined. A request for AURI assistance is analyzed with respect to a project's positive impact on Minnesota and its agriculture. A project is reviewed and evaluated based upon the following criteria:

- Uniqueness:** How innovative or unique is the product or process?
- Commodity Source:** Are Minnesota agricultural commodities utilized?
- Utilization:** How much commodity or by-product will be utilized?
- Producer Impact:** How many Minnesota agricultural producers may benefit from the proposed project?
- Value Added:** How much value is added to the agricultural commodity through further processing?
- Economic Impact:** How does the economy of Minnesota benefit from this project?
- Cost Savings:** Does the new product/process result in cost savings to agricultural producers?

Answers to each of these questions will determine the extent to which AURI may assist a client. A project, which demonstrates significant positive impact, is likely to receive more assistance than one showing minimal impact. Some projects may be eligible for technical assistance only, while others may be eligible for financial and technical assistance.

[top](#)

AURI Field Offices

Northern Field Office

PO Box 599
Crookston, MN 56716-0599
218-281-7600
800-279-5010

Central Field Office

PO Box 188
Morris, MN 56267-0188
320-589-7280

Southwestern Field Office

1501 State Street
Marshall, MN 56258-3306
507-537-7440

Southeastern Field Office

PO Box 251
Waseca, MN 56093-0251
507-835-8990

Additional Information

Additional information regarding AURI's programs and services, as well as necessary forms and guidelines, may be obtained by contacting one of the field offices listed above.

[top](#)



[About AURI](#) | [News](#) | [Programs](#) | [Research](#) | [Clients](#) | [Links](#) | [Search](#) | [Site Map](#) | [Home](#)

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[Top of Page](#)

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[HOME](#) [About AURI](#) [News](#) [Programs](#) [Research](#) [Clients](#) [Links](#) [Search](#) [Site Map](#)

Distribution Enhancement Program

[Program Emphasis](#)
[Types of Assistance](#)
[Eligibility](#)
[Prerequisites](#)
[Distribution Enhancement Process](#)
[Financial Responsibility of the Client](#)
[Confidentiality](#)
[Evaluation of Projects](#)
[Additional Information](#)

Program Emphasis

AURI provides expertise and assistance to increase value, demand and market opportunities for agriculturally-based products.

The Distribution Enhancement Program (DEP) is intended to bring agriculturally-based value-added products or processes to market at an introductory level. DEP is a grant program which focuses on enhancing an active AURI project that demonstrates a need for assistance in the distribution environment. AURI personnel, labs and pilot plants are available to assist a client in Minnesota by:

- Providing entrepreneurial resources with respect to value-added start-ups
- Providing informational and technical assistance
- Deliver quality service to clients
- Provide high quality process and product development
- Foster project development through collaboration.

DEP provides limited funding to an active AURI project which demonstrates a need for retail or promotional assistance in order to introduce the product/process into the marketplace.

[top](#)

Types of Financial Assistance Available Through the Distribution

Enhancement Program

DEP provides limited funding to an active AURI project. Uses of DEP funds include, but are not limited to:

- ☒ Market and promotion samples to introduce a new product
- ☒ Promotion/marketing material design – funds may not be used for printing
- ☒ Package design
- ☒ Tradeshow assistance
- ☒ Promotion/marketing plan design, excluding advertising

[top](#)

Eligibility

DEP financial assistance is available to an active AURI team project which demonstrates the need for market or promotional assistance in order to bring the project to the retail environment.

The purpose of all of AURI's programs is to provide technology development through its many resources, especially its professional staff, laboratories and pilot plant facilities. The DEP program augments these AURI resources by providing grant funds for those services not available within AURI. The focus of DEP grant funding is the impact the funds will provide the project and the community in which the project is located. The staff of AURI incorporates this focus when determining the amount of project funding to recommend.

CLIENT TIERS AND MAXIMUM FUNDING

The maximum level of funding available to a client is based upon the type of business organization the client has chosen, consideration of the impact of the project, and a demonstrated ability to bring a project to commercialization. The tiers of maximum funding available are categorized as follows:

tier one

Tier One funding is available to a legally organized entity with less than \$500,000 in yearly gross product sales, which is not organized as a Co-op or Producer LLC with three or more members/owners (not of the immediate family). Typically, a Tier One client will be a sole proprietorship, a partnership or a wholly owned corporation. Co-ops or Producer Limited Liability Corporations (LLC's) with three or more member owners (not of the immediate family) are addressed in Tier Three. Immediate family is defined as parent, child, brother, sister, spouse, stepparent, stepbrother, stepsister, grandparent and in-law relationships.

Maximum funding is \$5,000 per project, based on the demonstrated effect the funding will have upon the commodity and/or the community. A lifetime limit of distribution enhancement grant funding from the AURI of \$5,000 per legal entity is also considered. This limit applies to the legal entity involved in the project, as well as any general partnership, limited partnership,

corporation, joint venture, trust, or joint operation, in which the funded legal entity is substantially involved in providing labor, capital, or management, or in which the funded legal entity has a greater than 30% ownership interest. Any funds distributed under the DEP will be taken into consideration when determining the client's AURI lifetime funding limits of \$100,000.

A recipient of Tier One funds is required to match each dollar of AURI assistance with a dollar of his/her/its own funds (1:1 cash match). The appropriate client will receive an IRS 1099 statement at the end of the calendar year in which the funds are received.

tier two

DEP funds are not available to AURI Tier Two clients, as defined in the Product Development Services (PDS) program.

tier three

Tier Three funding is available to a legally organized Co-op or Producer LLC with three or more members/owners (not of the immediate family). Typically, a Tier Three client will be an organized grower group attempting to add value to the crops it produces. Immediate family is defined as parent, child, brother, sister, spouse, stepparent, stepbrother, stepsister, grandparent and in-law relationships.

Maximum funding is \$5,000 per project, based on the demonstrated effect the funding will have upon the commodity and/or the community. A lifetime limit of distribution enhancement funding from AURI of \$5,000 per legal entity is also considered. This lifetime limit applies to the legal entity involved in the project, as well as any general partnership, limited partnership, corporation, joint venture, trust, or joint operation, in which the funded legal entity is substantially involved in providing labor, capital, or management, or in which the funded legal entity has a greater than 30% ownership interest. Any funds distributed under the DEP will be taken into consideration when determining the client's AURI lifetime funding limits of \$200,000.

A recipient of Tier Three funds is required to match each dollar of AURI assistance with a dollar of his/her/its own funds (1:1 cash match). The appropriate client will receive an IRS 1099 statement at the end of the calendar year in which the funds are received.

top

Prerequisites

The project for which DEP funding is sought must use a Minnesota grown commodity and must be deemed as having commercial viability by the staff of AURI. Recipients of funding must actively work with AURI staff to develop a product or process prior to funding approval.

top

Distribution Enhancement Process

An eligible client that has an active AURI project may work with the AURI team leader to present an application for DEP funds. DEP funding consideration involves the following:

- STEP 1:** Client and a designated team member define the impact the DEP funding will have on the project. If appropriate, the team member will submit an application for DEP funds. The client may be asked to identify:
- A. Activities to be performed
 - B. Expected outcomes
 - C. Project objective(s)
 - D. Estimated amount of funds to be provided by AURI and matched by the client.
- STEP 2:** Upon completion of the application documents, the information is submitted to the AURI management team. The AURI management team reviews the application, considers the direct and indirect impact of the dollars requested on Minnesota, and makes a decision on the amount of funding. Any funding request which would cause the active project disbursements to exceed \$25,000 must be reviewed and acted upon by the AURI Board of Directors.
- STEP 3:** Upon approval of the funding request, the AURI project team and client will be notified, a grant agreement prepared, and the client will receive the following:
1. Grant Agreement
 2. Client Reference packet, including forms and information with respect to:
 - a. Request for Disbursement
 - b. Progress Report
 - c. Final Project Report
 3. If the AURI project team has agreed upon specific funding items, a contract addendum will be issued noting:
 - a. The specific item funded and amount of funding
 - b. The expiration of the Addendum (the activity must occur before this date)
 - c. **NOTE:** Although a Grant Agreement may be issued, a specific project activity is NOT authorized until a contract addendum has been issued.
- To guarantee funding availability, the client must sign and return the Grant Agreement within 60 days of AURI approval.**
- STEP 4:** As a project task is finished, the Request for Disbursement form is completed by the client and mailed to the AURI State Office in Crookston. Additionally, a project progress report is due every ninety days from the approved start date of the project. Additional information on disbursements and progress reports is found in the AURI Client Reference packet. A client is encouraged to remain in frequent communication with the AURI project team during the duration of the project.
- STEP 5:** Upon completion of the project, a final report, including a financial summary, **must** be submitted to the AURI State Office in Crookston. After the completion of the project, the client may receive periodic requests to complete project progress and impact update reports in order to allow AURI to track the actual impact of the project on a commodity or community.

[top](#)

Financial Responsibility of the Client

At a minimum, a funded entity must match in accordance with his/her/its appropriate funding tier. Matching funds may not come from an AURI affiliated program. AURI funds must be used to obtain technical research and business assistance not available within AURI. AURI funds may not be used for legal fees, salaries of existing employees or officers, travel, websites, vehicles, equipment, buildings, real estate, slotting fees, printing or items relating directly to the client's costs of full-scale production (Cost of Goods Sold). AURI staff approves funding and the subsequent use of funds; however, projects requesting an aggregate of \$25,000 or greater must be reviewed and acted upon by the AURI Board of Directors.

Agreement to fund a project under the DEP requires AURI and the client enter into a written agreement which establishes the terms and conditions of AURI funding. AURI may request a security interest or other legal interest in intellectual property developed/enhanced with the assistance of AURI. In the event the client breaches the written agreement, AURI funds are subject to immediate repayment in full, plus interest at the rate of interest prescribed by Minnesota Statutes with respect to judgments.

Upon presentation of invoice(s) and completion of an updated progress report, funds will be disbursed in accordance with AURI draft policy: if paid invoice(s) are presented, a single-party draft payable to client will be issued; if unpaid invoice(s) are presented, a two-party draft payable to client and vendor will be issued. Required client match must be documented on the amount requested prior to fund disbursement.

The client/recipient is required to submit to the AURI State Office the following reports:

1. Progress reports, submitted when requesting disbursement of funds, describing activity to date and documenting match.
2. A final narrative report, including any appendices or materials developed and supporting documentation, describing the work performed and the results obtained.
3. A final financial report of expenses incurred within the scope of the project.

[top](#)

Confidentiality

AURI will treat all mutually agreed upon information provided by an applicant as confidential. Information provided to or gathered by AURI related to funding programs shall be treated as private data. Such data includes:

- Financial data, statistics and information furnished in connection with AURI financial assistance, including credit reports, financial statements of net worth, income tax returns (either personal or legal entity) and any other personal or legal entity financial records;
- Security information, trade secret information, or labor relations information disclosed to members of the Board of Directors or employees of AURI.

Proprietary information provided to AURI, should be limited, set apart from the text of the application, and clearly marked as CONFIDENTIAL. AURI will limit the dissemination of such proprietary information to staff and project reviewers on a confidential basis; but in any event, AURI does not assume any liability for inadvertent disclosures.

AURI will not, consistent with relevant law, make public any information disclosing product, process, commodity, invention, technology, innovation, or service funded pursuant to the DEP

until a patent, copyright or trademark is applied for, or for two years after completion of the project, whichever occurs first. AURI does not assume liability for any inadvertent disclosure.

[top](#)

Evaluation of Projects

AURI assistance is intended to occur early in the existence of a product or process, during which feasibility is determined. A request for AURI assistance is analyzed with respect to a project's positive impact on Minnesota and its agriculture. A project is reviewed and evaluated based upon the following criteria:

- Uniqueness:** How innovative or unique is the product or process?
- Commodity Source:** Are Minnesota agricultural commodities utilized?
- Utilization:** How much commodity or by-product will be utilized?
- Producer Impact:** How many Minnesota agricultural producers may benefit from the proposed project?
- Value Added:** How much value is added to the agricultural commodity through further processing?
- Economic Impact:** How does the economy of Minnesota benefit from this project?
- Cost Savings:** Does the new product/process result in cost savings to agricultural producers?

The answers to each of these questions will determine the extent to which AURI may assist a client. A project, which demonstrates significant positive impact, is likely to receive more assistance than one showing minimal impact. Some projects may be eligible for technical assistance only, while others may be eligible for financial and technical assistance.

[top](#)

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[top](#)



[About AURI](#) | [News](#) | [Programs](#) | [Research](#) | [Clients](#) | [Links](#) | [Search](#) | [Site Map](#) | [Home](#)

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[Top of Page](#)

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[HOME](#) [About AURI](#) [News](#) [Programs](#) [Research](#) [Clients](#) [Links](#) [Search](#) [Site Map](#)

Product Development Services

[Program Emphasis](#)
[Types of Assistance](#)
[Eligibility](#)
[Prerequisites](#)
[PDS Product Development Process](#)
[Financial Responsibility of the Client](#)
[Confidentiality](#)
[Evaluation of Projects](#)
[Additional Information](#)

Program Emphasis

AURI provides expertise and assistance to increase value, demand and market opportunities for agriculturally-based products.

The Product Development Services (PDS) program is intended to produce value-added products. The PDS program is a grant program, which focuses on developing, in concert with AURI staff, a salable product, process or production technology to enhance a feasible product. AURI personnel, labs and pilot plants are available to assist a Minnesota-based client by:

- Provide entrepreneurial resources with respect to value-added start-ups
- Provide informational and technical assistance
- Deliver quality service to clients
- Provide high quality process and product development
- Foster project development through collaboration.

AURI's professional and technical staff offers technical and business development assistance, including, but not limited to:

- ☒ ***Technical Feasibility:*** A project may focus on new or improved process technology or on development of new value-added food or non-food agricultural products. The project may include an evaluation of the product's technical soundness and quality.
- ☒ ***Economic or Market Feasibility:*** If an applicant is developing an agricultural-based product or technology with AURI assistance, a study may be cost-shared to examine the market potential and/commercialization. This study would identify specific obstacles to commercialization and address potential solutions. To have access to funding, an applicant must be an AURI client receiving technical assistance.
- ☒ ***AURI technologists/scientists*** are available to provide consulting and technical services with respect to product and process development; product evaluation and testing; and sourcing materials, equipment and services.
- ☒ ***AURI pilot plants and labs*** are available, on a confidential basis, to assist in product and process development, scale-up, nutritional assessment and production for market assessment.

[top](#)

Types of Assistance Available Through the Product Development Services Program

The focus of the PDS program is AURI providing in-house lab facilities, pilot plants, and technical and business consulting that are enhanced by grant funds. Services, which may be provided by AURI staff include, but are not limited to:

- ☒ Analytical testing of products or processes in development
- ☒ Product formulation
- ☒ Pilot production line development
- ☒ Laboratory scale trials
- ☒ Engineering review
- ☒ Process analysis
- ☒ Process or business evaluation
- ☒ Secondary market research

Securing grant funds is encouraged in the following areas (but not limited to):

- ☒ Technology development at AURI
- ☒ Technology development outside AURI
- ☒ Validating technology
- ☒ Engineering review
- ☒ Packaging feasibility and assembly design
- ☒ Prototype development costs/test market product costs
- ☒ Process feasibility
- ☒ Marketing feasibility
- ☒ Business plan with partners
- ☒ Marketing plan with partners

[top](#)

Eligibility

The PDS program is available to an applicant who can demonstrate the project will impact the use of an existing agricultural commodity or commodities, alternative crop or crops, or livestock. The PDS program is designed to add value to an agricultural commodity or commodities and to foster long-term economic growth, but is not intended for crop or livestock production. The project and its proposed benefits must impact commodities produced and/or processed in Minnesota.

The purpose of all of AURI's programs is to provide technology development through its many resources, especially its professional staff, laboratories and pilot plant facilities. The PDS program augments these AURI resources by providing funding for those services not available within AURI. The focus of PDS funding is the impact the funds will provide the project and the community in which the project is located. The staff of AURI incorporates this focus when determining the amount of project funding to recommend.

CLIENT TIERS AND MAXIMUM FUNDING

The maximum level of funding available to a client of AURI is based upon the type of business organization the client has chosen, consideration of the impact of the project, and a demonstrated ability to bring a project to commercialization. The tiers of maximum funding available are categorized as follows:

tier one

Tier One funding is available to a legally organized entity with less than \$500,000 in yearly gross product sales. Typically, a Tier One client will be a sole proprietorship, a partnership or a wholly owned corporation. Co-ops or Producer Limited Liability Corporations (LLC's) with three or more member owners (not of the immediate family) are addressed in Tier Three. Immediate family is defined as parent, child, brother, sister, spouse, stepparent, stepbrother, stepsister, grandparent and in-law relationships.

Maximum funding is \$50,000 per project, based on the demonstrated effect the funding will have upon the commodity and/or the community. A lifetime limit of funding assistance from AURI of \$100,000 per legal entity is also considered. The lifetime limit applies to the legal entity involved in the project, as well as any general partnership, limited partnership, corporation, joint venture, trust, or joint operation, in which the funded legal entity is substantially involved in providing labor, capital, or management, or in which the funded legal entity has a greater than 30% ownership interest. Any funds distributed under the PDS program will be taken into consideration when determining the client's AURI lifetime funding limits of \$100,000.

A recipient of Tier One funds is required to match each dollar of AURI assistance with a dollar of his/her/its own funds (1:1 cash match). The appropriate client will receive an IRS 1099 statement at the end of the calendar year in which the funds are received.

tier two

Tier Two funding is available to a legally organized entity or group with \$500,000 or more in yearly gross product sales which is not organized as a Co-op or Producer LLC with three or more members/owners (not of the immediate family). Typically, a Tier Two client will

be a sole proprietorship, a partnership or a wholly owned corporation. Immediate family is defined as parent, child, brother, sister, spouse, stepparent, stepbrother, stepsister, grandparent and in-law relationships.

Maximum funding is \$100,000 per project, based on the demonstrated effect the funding will have upon the commodity and/or the community. A lifetime limit of funding assistance from AURI of \$200,000 per legal entity is also considered. This lifetime limit applies to the legal entity involved in the project, as well as any general partnership, limited partnership, corporation, joint venture, trust, or joint operation, in which the funded legal entity is substantially involved in providing labor, capital, or management, or in which the funded legal entity has a greater than 30% ownership interest. Any funds distributed under the PDS program will be taken into consideration when determining the client's AURI lifetime funding limits of \$200,000.

A recipient of Tier Two funds is required to match each dollar of AURI assistance with a dollar of his/her/its own funds or with a dollar of additional capitalization (1:1 cash/capitalization match). The appropriate client will receive an IRS 1099 statement at the end of the calendar year in which the funds are received.

tier three

Tier Three funding is available to a legally organized Co-op or Producer LLC with three or more members/owners (not of the immediate family). Typically, a Tier Three client will be an organized grower group attempting to add value to the crops it produces. Immediate family is defined as parent, child, brother, sister, spouse, stepparent, stepbrother, stepsister, grandparent and in-law relationships.

Maximum funding is \$100,000 per project, based on the demonstrated effect the funding will have upon the commodity and/or the community. A lifetime limit of funding assistance from AURI of \$200,000 per legal entity is also considered. This lifetime limit applies to the legal entity involved in the project, as well as any general partnership, limited partnership, corporation, joint venture, trust, or joint operation, in which the funded legal entity is substantially involved in providing labor, capital, or management, or in which the funded legal entity has a greater than 30% ownership interest and is involved with the organization. Any funds distributed under the PDS program will be taken into consideration when determining the client's AURI lifetime funding limits of \$200,000.

A recipient of Tier Three funds is required to match each dollar of AURI assistance with a dollar of his/her/its own funds, a dollar of additional capitalization or a dollar of in-kind match (1:1 cash/capitalization/in-kind match). The appropriate clients will receive an IRS 1099 statement at the end of the calendar year in which the funds are received.

[top](#)

Prerequisites

The project for which PDS funding is sought must use a Minnesota grown commodity and must be deemed as having commercial viability by the staff of AURI. Recipients of funding must actively work with AURI staff to develop a product or process prior to funding approval.

[top](#)

PDS Product Development Process

A client is allowed a maximum ten hours of in-house assistance prior to completion of a PDS application. However, an application may be completed at any time a need for financial assistance is identified.

A client is encouraged to discuss the project idea(s) with AURI staff. The staff will assist in determining eligibility for an appropriate AURI program and in initiating the application process. Approval of a project involves the following steps:

STEP 1: A client is required to sign an Initial Assistance Agreement (IAA), acknowledging acceptance of service by AURI staff and outlining pertinent information with regard to proposed AURI technical assistance.

STEP 2: The client and an AURI staff member work together to complete an ATS Application, in which the client and an AURI staff member may be asked to identify:

- A. Activities to be performed
- B. Expected outcomes
- C. Project objective(s)
- D. Approximate number of hours expected to complete the project
- E. Anticipated date of completion.

The ATS Application is an informal document submitted to AURI's management team for consideration. The AURI management team, consisting of the Regional Directors and/or the Executive Director reviews the ATS Application. The management team decides to either accept the project and assign an appropriate project team, or deny the project and list project concerns.

NOTE: A project team is initially approved without funding assistance. If it is determined funding is warranted to further the project, the client and staff of the AURI will work together to define the appropriate level of funding.

STEP 3: Once an AURI project team is appointed, the client will work with the project team to develop a project plan, including funding assistance. In addition to technical expertise, project team members will actively research and identify:

- Pertinent market factors affecting the project
- Possible additional collaborators that may assist with the project
- Industry concerns that may affect the outcome or success of the project.

STEP 4: When the client and project team members develop a project proposal and conduct the necessary research, the client and members of the project team will work together to complete the following:

1. AURI Project Needs Assessment

2. AURI Product Development Services Funding Application, including the following information:

Project Description – a written narrative describing the proposed project, addressing the following areas:

- Explanation of the project
- Description of the proposed product, process, or market
- Chronological summary on progress to date
- Outline of the specific goals, objectives, and timeline of the project
- Outline of the needs of the project
- Key personnel involved (attach resumes)
- Projected results and benefits to Minnesota producers

Project Work Plan – complete the Project Work Plan worksheet, which outlines the project objective, tasks, resources needed to complete the tasks, and projected timelines for completing the tasks. If the project has multiple objectives, complete a Project Work Plan worksheet for each objective.

3. AURI Client Tier Determination

STEP 5: Upon completion of the application documents, the information is submitted to the AURI management team. The AURI management team reviews the application, considering the direct and indirect impact of the dollars requested on Minnesota, and makes a decision on the amount of funding. A funding request of greater than \$25,000 must be reviewed and acted upon by the AURI Board of Directors.

STEP 6: Upon approval of a funding request, the AURI project team and client will be notified, a grant agreement prepared, and the client will receive the following:

1. Grant Agreement
2. Client Reference packet, including forms and information with respect to:
 - a. Request for Disbursement
 - b. Progress Report
 - c. Final Project Report
3. If the AURI project team has agreed upon specific funding items, a contract addendum will be issued noting:
 - a. The specific item funded and amount of funding
 - b. The expiration of the Addendum (the activity must occur before this date)
 - c. **NOTE:** Although a Grant Agreement may be issued, a specific project activity is NOT authorized until a contract addendum has been issued.

To guarantee funding availability, the client must sign and return the Grant Agreement within 60 days of AURI approval.

STEP 7: As a project task is finished, the Request for Disbursement form is completed by the client and mailed to the AURI State Office in Crookston. Additionally, a project progress report is due every ninety days from the approved start date of the project. Additional information on disbursements and progress reports is found in the AURI Client Reference packet. A client is encouraged to remain in frequent communication with the AURI project team during the duration of the project.

STEP 8: Upon completion of the project, a final report, including a financial summary, **must** be submitted to the AURI State Office in Crookston. After the completion of the project, the client may receive periodic requests to complete project progress and impact update reports in order to allow AURI to track the actual impact of the project on a commodity or community.

[top](#)

Financial Responsibility of the Client

At a minimum, a funded entity must match in accordance with its appropriate funding tier. Cash, in-kind services, capitalization or a combination of each may be used according to the assigned funding tier. Matching funds may not come from an AURI affiliated program. AURI funds must be used to obtain technical research and business assistance not available within AURI. AURI funds may not be used for legal fees, salaries of existing employees or officers, travel, websites, vehicles, equipment, buildings, real estate, slotting fees, packaging design, printing or items relating directly to the client's costs of full-scale production (Cost of Goods Sold). AURI staff approves funding and the subsequent use of funds; however, projects requesting an aggregate of \$25,000 or greater must be reviewed and acted upon by the AURI Board of Directors.

Agreement to fund a project under the PDS program requires AURI and the client enter into a written agreement which establishes the terms and conditions of AURI funding. AURI may request a security interest or other legal interest in intellectual property developed/enhanced with the assistance of AURI. In the event the client breaches the written agreement, AURI funds are subject to immediate repayment in full, plus interest at the rate of interest prescribed by Minnesota Statutes with respect to judgments.

Upon presentation of invoice(s) and completion of an updated progress report, funds will be disbursed in accordance with AURI draft policy: if paid invoice(s) are presented, a single-party draft payable to client will be issued; if unpaid invoice(s) are presented, a two-party draft payable to client and vendor involved will be issued. Required client match must be documented with respect to the amount requested prior to fund disbursement.

The client/recipient is required to submit to the AURI State Office the following:

1. Progress reports, submitted when requesting disbursement of funds, describing activity to date and documenting match.
2. A final narrative report, including any appendices or materials developed and supporting documentation, describing the work performed and the results obtained.
3. A final financial report of expenses incurred within the scope of the project.

[top](#)

Confidentiality

AURI will treat all mutually agreed upon information provided by an applicant as confidential. Information provided to or gathered by AURI related to funding programs shall be treated as private data. Such data includes:

- Financial data, statistics and information furnished in connection with AURI financial assistance, including credit reports, financial statements of net worth, income tax returns (either personal or legal entity) and any other personal or legal entity financial records;
- Security information, trade secret information, or labor relations information disclosed to members of the Board of Directors or employees of AURI.

Proprietary information provided to AURI should be limited, set apart from the text of the application, and clearly marked as CONFIDENTIAL. AURI will limit the dissemination of proprietary information to staff and project reviewers on a confidential basis; but in any event, AURI does not assume any liability for inadvertent disclosures.

AURI will not, consistent with relevant law, make public any information disclosing product, process, commodity, invention, technology, innovation, or service funded pursuant to the PDS program until a patent, copyright or trademark is applied for, or for two years after completion of the project, whichever occurs first. AURI does not assume liability for any inadvertent disclosure.

[top](#)

Evaluation of Projects

AURI assistance is intended to occur early in the existence of a product or process during which feasibility is determined. A request for AURI assistance is analyzed with respect to a project's positive impact on Minnesota and its agriculture. A project is reviewed and evaluated based upon the following criteria:

- **Uniqueness:** How innovative or unique is the product or process?
- **Commodity Source:** Are Minnesota agricultural commodities utilized?
- **Utilization:** How much commodity or by-product will be utilized?
- **Producer Impact:** How many Minnesota agricultural producers may benefit from the proposed project?
- **Value Added:** How much value is added to the agricultural commodity through further processing?
- **Economic Impact:** How does the economy of Minnesota benefit from this project?
- **Cost Savings:** Does the new product/process result in cost savings to agricultural producers?

The answers to each of these questions will determine the extent to which AURI may assist a client. A project, which demonstrates significant positive impact, is likely to receive more assistance than one showing minimal impact. Some projects may be eligible for technical assistance only, while others may be eligible for financial and technical assistance.

[top](#)

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218-281-7600
800-279-5010

Central Field Office

PO Box 188
Morris, MN 56267-0188
320-589-7280

Southwestern Field Office

1501 State Street
Marshall, MN 56258-3306
507-537-7440

Southeastern Field Office

PO Box 251
Waseca, MN 56093-0251
507-835-8990

Additional Information

Additional information regarding AURI's programs and services, as well as necessary forms and guidelines, may be obtained by contacting one of the field offices listed above.

[top](#)



[About AURI](#) | [News](#) | [Programs](#) | [Research](#) | [Clients](#) | [Links](#) | [Search](#) | [Site Map](#) | [Home](#)

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For further information e-mail [Dan Lemke](#), Communications Director or call (507) 835-8990.

[Top of Page](#)

Last updated March 10, 2003.



Agricultural Utilization Research Institute

HOME About AURI News Programs Research Clients Links Search Site Map

AURI Information

AURI is all about value-added agriculture. Created and supported by the Minnesota state legislature, AURI is a unique and innovative nonprofit corporation working to enhance Minnesota's economy through the development of new uses and new markets for the state's agricultural products. Simply put, AURI is the research and development arm of Minnesota agriculture.

By providing feasibility analysis, product development assistance and technical support, AURI is helping Minnesota companies capture more value and moving ag products into new places. By combining knowledgeable, expert staff, unique facilities available to Minnesota businesses and innovative programs designed to move value-added products into the marketplace, AURI is helping to add value to Minnesota agriculture.

AURI News and Events

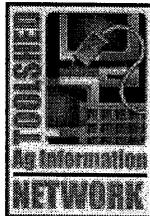
[Click here to view all News and Events](#)

- 11/4/2003 [AURI report assesses potential of community-based digester](#)
- 9/30/2003 [AURI awarded USDA grant for Ag Innovation Center](#)

AURI has released a summary report on renewable fuel sources. To obtain a copy of the "AURI Fuels Initiative" click [here](#).

Ag Information Toolshed

For ag news, Red River Farm Network news broadcasts, elevator and market information, weather and more, check out the [TOOLSHED](#).



AG INNOVATION NEWS

THE NEWSPAPER OF THE AGRICULTURAL UTILIZATION RESEARCH INSTITUTE



AURI Retail Catalog

AURI supported clients manufacture and market a wide range of agriculturally-based products from food and personal care products to industrial and animal care items. The Minnesota companies are finding unique and innovative ways to utilize Minnesota commodities. To support these businesses and to raise awareness of these products, AURI has compiled a comprehensive catalog of products that are available. To get a free catalog, please click [here](#). Thank you for your interest in value-added products and for supporting these businesses.



AURI Features

AURI News

Take the time to see all news and related info about AURI. AURI publishes a quarterly newspaper that showcases clients and the value added work that AURI does across the state of Minnesota.

[AURI News...](#)



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AURI News and Events

September 30, 2003 AURI awarded USDA grant for Ag Innovation Center

Washington, DC - The Agricultural Utilization Research Institute (AURI) has been selected as one of 10 national recipients of federal funds to establish an Agricultural Innovation Center. The \$1 million grant from the U.S. Department of Agriculture will be used to establish a center focused on providing assistance for projects involving producer-owned energy such as ethanol, biodiesel and co-product utilization.

"We are thrilled that we were selected to receive the federal grant," says AURI executive director Edgar Olson. "Our proposal also had the support of many groups involved with Minnesota agriculture because they realize the opportunity producers have to become involved in producing renewable energy."

The 2002 Farm Bill included provisions creating the Ag Innovation Centers, which are designed to provide technical and business assistance to develop markets and processes for value-added agricultural commodities and products. "The innovation centers will help farmers, ranchers and rural businesses develop and expand value-added ventures," says Agriculture Secretary Ann Veneman. "These investments will create jobs and improve economic opportunities for rural families."

"This federal support will help us expand on the work AURI already does for the state of Minnesota," Olson adds. "We have already done a great deal of research and seen a lot of interest in renewable energy. These additional resources will help us further that work on behalf of our state's producers."

The Ag Innovation Center will operate as an independent body, based in Marshall, Minnesota. The Center will provide technical and business assistance for producer-owned ventures focused on generating energy from renewable resources. The Center will tap into expertise available from AURI or other organizations best equipped to provide the necessary resources.

"We are very grateful for the support that has been shown to us from commodity groups, farm organizations, business associations, elected officials and others," Olson says. "Their support was and will continue to be key as we get down to the business of establishing this center and helping producers."

A total of ten grants were awarded through a competitive application review. Those selected demonstrated a track record of achieving value-added successes, experienced personnel, developed a strong work plan, placed an emphasis on utilizing non-Federal funds and showed a commitment to measuring performance of value-added activities.

AURI is a nonprofit corporation created to improve the economy of rural Minnesota through the development of new uses and new markets for the state's agricultural commodities.

--30--

Dan Lemke, Communications Director



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For further information e-mail [Dan Lemke](#), Communications Director or call (507) 835-8990.

Tradewell, Becky

From: Kremer, Joe
Sent: Wednesday, January 28, 2004 2:58 PM
To: Tradewell, Becky
Cc: Stephens, Liz; Stephens2, Liz
Subject: Value-added agri entity

Becky,

Thank you for talking with us today. To recap the overall idea, we are going to use the concept that created Forward Wisconsin in order to create this entity.

In regards to the board, members should include:

2 people representing the RC&D (Resource Conservation and Development Centers, for more information:
<http://www.wi.nrcs.usda.gov/programs/rcd.html>)
2 people representing UWEX - Agricultural department
2 people representing DATCP
2 people representing Agri-business, as designated by the UWEX Agricultural department

Please feel free to call with any questions.

Joe

Joe Kremer
Office of Representative Jim Kreuser
Assembly Democratic Leader
201 West - State Capitol
(608) 266-5504

Friday

Note

Gen

1 AN ACT ...; relating to: assisting farmers in this state to develop, produce, and
 2 market products that add value to agricultural commodities, creating a
 3 value-added farm product and market development board, and making an
 4 appropriation.

X

Analysis by the Legislative Reference Bureau

This bill creates a Value-added Farm Product and Market Development Board (board) attached to the Department of Agriculture, Trade and Consumer Protection (DATCP). The bill requires the board to organize a nonprofit corporation to assist farmers in this state to develop, produce, and market products that add value to agricultural commodities. The bill authorizes DATCP to provide grants to the corporation to enable the corporation to assist farmers in this state to develop, produce, and market products that add value to agricultural commodities if the corporation enters into a contract with the department under which the corporation agrees to do certain things including all of the following: ← ok

X

1. Provide technical and financial assistance in developing products that add value to agricultural commodities, in developing methods to produce such products, and in marketing such products.
2. Establish and maintain laboratory facilities for testing products and for other activities to promote its purposes.
3. Refer farmers to other sources of assistance for developing, producing, and marketing products that add value to agricultural commodities and provide help in applying for grants from such sources.

BILL

4. Avoid duplication of services by working in conjunction with the board, DATCP, the regional Resource Conservation and Development Councils established under the federal Department of Agriculture's Resource Conservation and Development Program, the University of Wisconsin-Extension, and others involved in agriculture.

5. Seek federal funding for the operation of the corporation.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 SECTION 1. 15.135 (2) of the statutes is created to read:

2 15.135 (2) VALUE-ADDED FARM PRODUCT AND MARKET DEVELOPMENT BOARD. There
3 is created a value-added farm product and market development board attached to
4 the department of agriculture, trade and consumer protection under s. 15.03
5 consisting of the following members:

6 (a) Two members representing the department of agriculture, trade and
7 consumer protection, appointed by the secretary of agriculture, trade and consumer
8 protection.

9 (b) Two members representing resource conservation and development
10 councils, under 16 USC 3451 to 3460, appointed by the secretary of agriculture, trade
11 and consumer protection for 5-year terms.

12 (c) Two members representing the agricultural programs of the University of
13 Wisconsin-Extension, appointed by the chancellor of the University of
14 Wisconsin-Extension.

15 (d) Two members representing agribusiness, appointed by the chancellor of the
16 University of Wisconsin-Extension for 5-year terms.

17 SECTION 2. 20.005 (3) (schedule) of the statutes: at the appropriate place, insert
18 the following amounts for the purposes indicated:

BILL

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2003-04 2004-05

20.115 Agriculture, trade and consumer protection, department of

(4) AGRICULTURAL ASSISTANCE

(cm) Value-added farm product and market development GPR B 2,000,000 2,000,000

SECTION 3. 20.115 (4) (cm) of the statutes is created to read:

20.115 (4) (cm) *Value-added farm product and market development.*

Biennially, the amounts in the schedule for grants for value-added farm product and market development under s. 93.65 (3).

SECTION 4. 93.65 of the statutes is created to read:

93.65 Value-added farm product and market development. (1)

DEFINITIONS. In this section:

(a) "Agricultural commodity" means a plant or animal raised by farmers in this state.

(b) "Board" means the value-added farm product and market development board.

(c) "Corporation" means the corporation organized under sub. (2) (a).

(d) "Resource conservation and development council" means a council in this state designated to receive assistance through the federal Resource Conservation and Development Program under 16 USC 3451 to 3460.

(2) DUTIES OF THE BOARD. (a) The board shall organize a nonprofit corporation under ch. 181 with the primary purpose of assisting farmers in this state to develop, produce, and market products that add value to agricultural commodities. The board

BILL**SECTION 4**

1 shall organize the corporation so that it is exempt from federal taxation under section
2 501 (a) of the Internal Revenue Code.

3 (b) The board shall advise the corporation, the department, the resource
4 conservation and development councils, the University of Wisconsin-Extension, and
5 others concerning their efforts to assist farmers in this state to develop, produce, and
6 market products that add value ^{(to} agricultural commodities and endeavor to
7 coordinate those efforts.

8 (3) GRANTS. The department may make grants, from the appropriation account
9 under s. 20.115 (4) (cm), to the corporation to enable the corporation to assist farmers
10 in this state to develop, produce, and market products that add value to agricultural
11 commodities if the corporation enters into a contract with the department under
12 which the corporation agrees to do all of the following:

13 (a) Provide technical and financial assistance in developing products that add
14 value to agricultural commodities.

15 (b) Provide technical and financial assistance in developing methods to produce
16 products that add value to agricultural commodities.

17 (c) Provide technical and financial assistance in marketing products that add
18 value to agricultural commodities.

19 (d) Establish and maintain laboratory facilities for testing products and for
20 other activities to assist farmers in this state to develop and produce products that
21 add value to agricultural commodities.

22 (e) Provide assistance under pars. (a) to (c) using methods that include
23 providing information and training concerning developing business plans, designing
24 Internet sites, and developing marketing techniques.

BILL

1 (f) Refer farmers to other sources of assistance for developing, producing, and
2 marketing products that add value to agricultural commodities and provide help in
3 applying for grants from such sources.

4 (g) Avoid duplication of services by working in conjunction with the board, the
5 department, the resource conservation and development councils, the University of
6 Wisconsin-Extension, and others involved in agriculture.

7 (h) Identify types of commodities or products for which the corporation will
8 concentrate on providing assistance and develop expertise related to those
9 commodities or products.

10 (i) Evaluate the effectiveness of the corporation's activities and report the
11 results of its evaluations to the department and the board.

12 (j) Seek federal funding for the operations of the corporation.

13 **SECTION 5. Nonstatutory provisions.**

14 (1) INITIAL TERMS OF BOARD. Notwithstanding the length of terms specified in
15 section 15.135 (2) (b) and (d) of the statutes, as created by this act, for members of
16 the value-added farm product and market development board, the initial members
17 shall be appointed for the following terms:

18 (a) One member appointed under section 15.135 (2) (b) of the statutes, as
19 created by this act, and one member appointed under section 15.135 (2) (d) of the
20 statutes, as created by this act, for terms expiring on May 1, 2007.

21 (b) One member appointed under section 15.135 (2) (b) of the statutes, as
22 created by this act, and one member appointed under section 15.135 (2) (d) of the
23 statutes, as created by this act, for terms expiring on May 1, 2009.

24 (END)

DN/te

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-4033/1dn

RCT: *lcj*

Date

Joe Kremer:

Please review this draft carefully to ensure that it is consistent with your intent.
Please contact me if you have any questions or redraft instructions.

Rebecca C. Tradewell
Managing Attorney
Phone: (608) 266-7290
E-mail: becky.tradewell@legis.state.wi.us

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-4033/1dn
RCT:kjf:rs

February 4, 2004

Joe Kremer:

Please review this draft carefully to ensure that it is consistent with your intent.
Please contact me if you have any questions or redraft instructions.

Rebecca C. Tradewell
Managing Attorney
Phone: (608) 266-7290
E-mail: becky.tradewell@legis.state.wi.us

Basford, Sarah

From: Kremer, Joe
Sent: Thursday, February 05, 2004 1:45 PM
To: LRB.Legal
Subject: Draft review: LRB 03-4033/1 Topic: Promote value-added farming

It has been requested by <Kremer, Joe> that the following draft be jacketed for the ASSEMBLY:

Draft review: LRB 03-4033/1 Topic: Promote value-added farming